

UPDATED OCT. 14, 2010

Contract Bid Process

April 16, 2009: UDOT initiates the procurement process to select a design-builder for the I-15 Utah County Corridor Expansion (I-15 CORE) project.

May 28, 2009: UDOT shortlists Timpanogos Transportation Constructors (TTC), Flatiron/Skanska/Zachry (FSZ) and Provo River Constructors (PRC) based on their Statements of Qualifications.

June 16, 2009: UDOT issues a Request for Proposals (RFP) to each short-listed proposer. The RFP provides that UDOT would award a design-build contract to the proposer offering the best value, through a fixed-price, best-design bid.

November 19, 2009: Each proposer delivers a proposal to UDOT. Bid documents range from more than 27 boxes from one bidder to almost 45 for another. The bids are delivered via armored truck to the I-15 CORE project office in Lehi

Bid Evaluations

November 20 – 29, 2009: The proposal review teams are divided into two groups - Evaluation Teams and a Selection Recommendation Committee (SRC). Evaluation teams review limited sections of the proposal as related to their expertise in technical disciplines. The SRC begins a parallel and independent review of the entire proposals.

November 30 – December 1, 2009: Four evaluation teams identify strengths and weaknesses within the proposals and assign adjectival ratings (Exceptional, Very Good, Good, Acceptable) to individual sections of the proposal (pass/fail, project scope, schedule and maintenance of traffic). Evaluation teams present their review of the proposals to the SRC.

December 2 – 6, 2009: The SRC, consisting of seven senior UDOT leadership staff with broad department perspective as well as detailed project knowledge and expertise, reviews the proposals and the information submitted by the evaluation teams.

The SRC agrees with the adjectival rating recommendations of the evaluation teams for 24 out of 27 ratings. Noting that the evaluation teams undervalued the strengths of the proposals when measured against the evaluation criteria, the SRC makes upward adjustments to three recommended ratings in favor of TTC and PRC. Reasons for adjustments to PRC's ratings are outlined below:

- PRC's pavement design of 40-year concrete measurably exceeded the 30-year contractual requirement
- The PRC proposal delivered a completed project nearly two years earlier than required and 11 months sooner than FSZ
- PRC's traffic plan maintained the existing number of I-15 lanes for a majority of the construction duration

- The PRC proposal provides additional length on the I-15 Corridor and the most lane miles
- PRC's planned freeway, cross street and ramp closure durations were 2/3 fewer than other proposers

The SRC determines the final ratings and assigns scores. While the relative project scores were close, the SRC made reasoned discretionary decisions and determined that the PRC proposal best met or exceeded the goals, values and requirements of UDOT for the I-15 CORE Project.

Contract Award

December 7, 2009: An evaluation oversight team consisting of the Federal Highway Administration, UDOT Project Development and the Attorney General's office certify that the selection process for the I-15 CORE project complied with the criteria listed in the Request for Proposals, specifically the Instructions to the Proposers, and the Evaluation and Selection Manual.

UDOT Deputy Director Carlos Braceras, Executive Director John Njord and government officials from the Utah Transportation Commission, Legislative Fiscal Analyst's office and Legislative Auditor's office review the final recommendation of the SRC to award the I-15 CORE contract to Provo River Constructors (PRC).

Deputy Director Braceras and Executive Director Njord make the final determination to accept the recommendation of the SRC and award the contract to PRC.

December 9, 2009: UDOT announces the selection of PRC as the contractor for I-15 CORE.

December 21, 2009: UDOT executes contract with PRC.

Award Protest and Resolution

December 22, 2009: FSZ files a protest regarding the award to PRC.

December 30, 2009; January 5, 2010: FSZ files supplements to the Protest.

UDOT does not find any reason in the FSZ protest or in the facts reviewed to override the discretionary decisions made by the SRC in the selection process.

January 14, 2010: Notice to Proceed with construction issued to PRC.

February 11, 2010: UDOT agrees to pay FSZ \$13 million in accordance with the costs incurred by FSZ in its pursuit of the I-15 CORE project. This settled any and all claims concerning the Protest, I-15 CORE project procurement process and award of the contract.

PRC's proposal offered the greatest value for the investment. The evaluation process was meticulous and fair and ultimately would have withstood a legal challenge. However, had UDOT waited for the protest process to play out, including litigation, I-15 may not be under construction today and the state may have lost the opportunity to take advantage of an important investment that improves the long-term mobility of people, goods and services throughout the state.

UDOT and FSZ acknowledge that neither party has admitted any liability or wrongdoing, and to the contrary, agrees that the Agreement is entered into solely to resolve disputed claims and to avoid the inconvenience and expense of litigation.

Resolution Factors

The difficult decision to move forward with the resolution of the claim was weighed very carefully, understanding that \$13 million was a large sum of money. It was determined that the most appropriate action was to resolve the claim rather than allowing it to become mired in the court system, which could cost the State, through Utah taxpayers, tens of millions of dollars more – perhaps hundreds of millions of dollars more – and unquantifiable amounts in inconvenience and delay of the State’s carefully crafted infrastructure improvement schedule.

As a result of the claim resolution, UDOT owns the ideas in FSZ’s proposal and the State avoided a court potentially requiring payment of not only the actual costs of FSZ’s proposal work (\$13 million), but also the costs of their legal fees.

Other factors taken into consideration include the following:

Price increase

To maintain the contract price, construction was required to begin within six months. If the project was delayed beyond this time, the price would then increase three percent annually, equating to an additional \$16.5 million cost for the first year of delay and a \$33 million increase annually thereafter.

Cost increase example: When construction on the Legacy Parkway resumed after a court-ordered delay, the cost to construct increased by more than \$200 million due to the rise in construction costs during the delay.

Contractor labor costs

If the project had been stopped or delayed due to a lawsuit or legal challenge, the project would have taken longer to complete. Contractor overhead delay costs for a massive project like I-15 CORE would be approximately \$100,000 to 200,000 every day, resulting in a cost increase of up to \$36 million for just six months of delay.

User costs

For every month the completion of a project is delayed, user costs accumulate due to lane closures caused by construction activities. For example, a single lane closure during rush hour on a four-lane freeway operating near capacity creates a queue five miles long that takes six hours to dissipate. If the value of a person’s time were \$15/hour, the resulting user cost for that single peak travel period (in one direction) is \$230,000.

Value of Competitive Bids

Three competitive bids were submitted for the I-15 CORE project. The value the competition generated for the State was: a greater than anticipated reconstruction length of the freeway from Lehi Main Street to Spanish Fork, completion of construction earlier than expected, a 40-year concrete pavement surface along the entire corridor and existing lanes of traffic remaining open during the majority of construction.

Cost to Develop a Proposal

Preparing a proposal for I-15 CORE was an extensive and costly process for the three bidding teams. Each spent eight months and an estimated \$10-15 million developing its proposal for the \$1.1 billion contract.

Each team established an office in the Utah County-Salt Lake City area as a base for preparation of its proposal. The teams consisted of construction management and engineering professionals that included, at times, more than 100 people per team over an eight-month proposal development period. Staff preparing bids for each team included the following:

Roadway design engineers: The project was broken into segments, and design groups developed designs for at least 23 miles of freeway and ten interchanges.

Traffic engineers: Traffic models for all of Utah County were developed, studied, and measured for every element of the mainline, interchanges and intersections affected by the proposed design.

Structural Engineers: Geotechnical and structural engineers developed designs and earthquake mitigation for bridges, prepared concepts for retaining walls and other structures, and developed soil settlement strategies.

Specialists: Other disciplines included drainage engineers, utility designers for gas, electric, telecommunications, and other utilities, signal and advanced traffic management engineers, surveyors, signing experts, pavement design engineers, etc.

Financial and legal advisors: Contract terms were studied in detail and discussed with the State as terms were developed, reviewed, and finalized. Teams were required to develop and prove capability to financially manage the project, and provide bonding capacity for up to \$500 million.

Construction estimators and schedulers: Teams developed cost estimates based on quantities provided by designers to establish complex construction schedules.

Project leadership and support staff: Each team consisted of multiple companies with leadership and administrative support sufficient to oversee the development of the proposal.

Field investigations: As needed, the teams hired companies or groups to do additional field work such as soil sampling and drilling of cores in existing pavements to assist in developing the design.

Resources to Prepare I-15 CORE Proposal, Per Team

Estimated cost:	\$10-15 million
Full-time staff:	Approx. 100
Time:	8 months
Estimated hours:	100,000 person-hours

Professionals involved:

- Roadway design engineers
- Traffic engineers
- Structural engineers
- Drainage engineers
- Utility designers
- Pavement design engineers
- Traffic management and signal engineers
- Financial professionals
- Legal professionals
- Construction estimators
- Schedulers
- Administrative and support staff
- Project managers